

Almond Situation and Outlook in Selected Countries

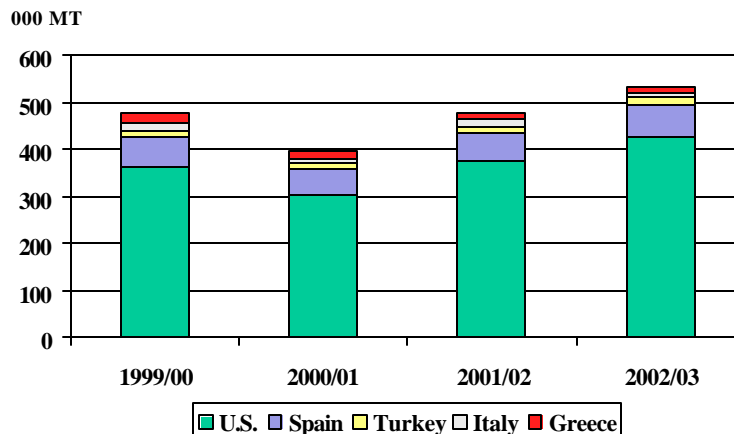
Production of almonds in 5 major producing countries in 2002/03 is forecast at 530,884 metric tons (tons), up 11 percent from 2001/02. The increase was attributed mainly to a 13-percent increase in U.S. output as well as increases in Spain (up 21 percent) and Turkey (up 7 percent). As a result of the higher almond supplies, U.S. almond grower prices are expected to decline. However, low almond prices encourage consumption and have previously boosted U.S. exports to record levels. Exports of almonds from selected countries are forecast at 346,632 tons, up 3 percent from 2001/02, while domestic consumption is expected to reach 226,532 tons, up 5 percent from the previous year.

GLOBAL PRODUCTION & TRADE

World production of almonds is expected to reach almost 531,000 tons in 2002/03, up 11 percent from the previous year. The United States produces approximately 75 percent of all commercial almonds worldwide.

The top four producers in 2002/03 are the United States (530,884 tons), Spain (69,000 tons), Turkey (15,000 tons), and Greece (11,500 tons). Other key producers include Italy, Australia and Morocco.

World Almond Production



Source: USDA Attaché Reports

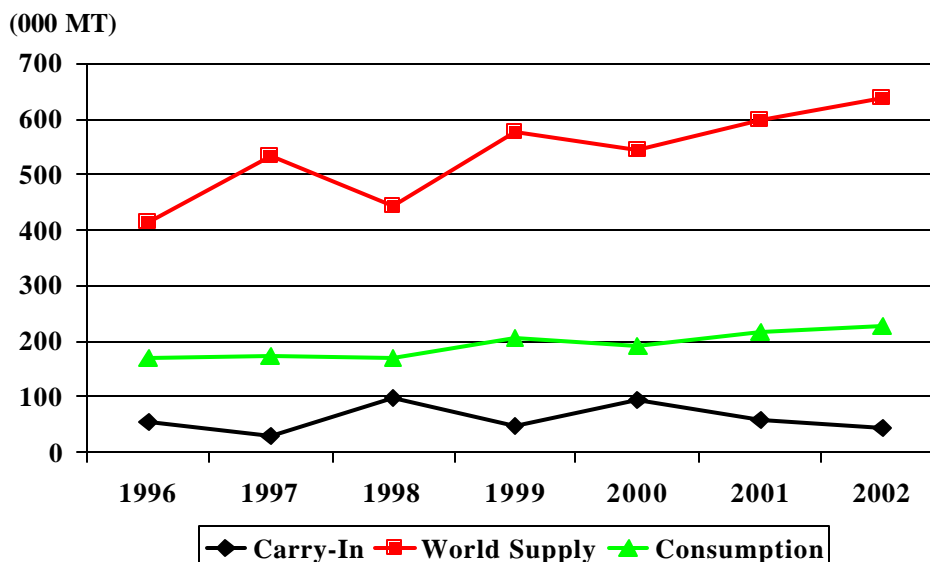
GLOBAL POLICY

Europe

The European Union (EU) has a fruit and vegetable (F&V) regime in place that is based on producer organizations (POs) that are voluntarily formed by groups of growers and cooperatives. However, less than half of all Spanish fruit and vegetable production is under POs. Only the larger POs that are able to set-up operational funds are eligible to receive EU support. The EU supports the operational funds, which are set

voluntarily by the POs each year and may be up to 4.1 percent of the PO's annual sales. These funds are generally used for the financing of fruit and vegetable withdrawal operations (not nuts), and may be used for investments in operational programs such as improvement of irrigation systems, upgrading technical systems and environmental protection measures. The Mid Term Review (MTR) of the Common Agricultural Policy (CAP), as currently proposed by the EU Commission, includes a new support scheme for tree nuts that nut growers have been long seeking to replace the temporary tree nut improvement 10 year-program, which ended in June 2002. However, they claim that the subsidy rate of 100 euros/hectare (ha) is clearly insufficient given current increased production costs and depressed market prices. Member countries would have the option of supplementing this payment with up to an additional 109 euros/ha, but even the maximum payment (209 euros/ha) is lower than payments from the tree nut improvement program (a minimum of 242.6 euros/ha).

World Almond Supply & Consumption



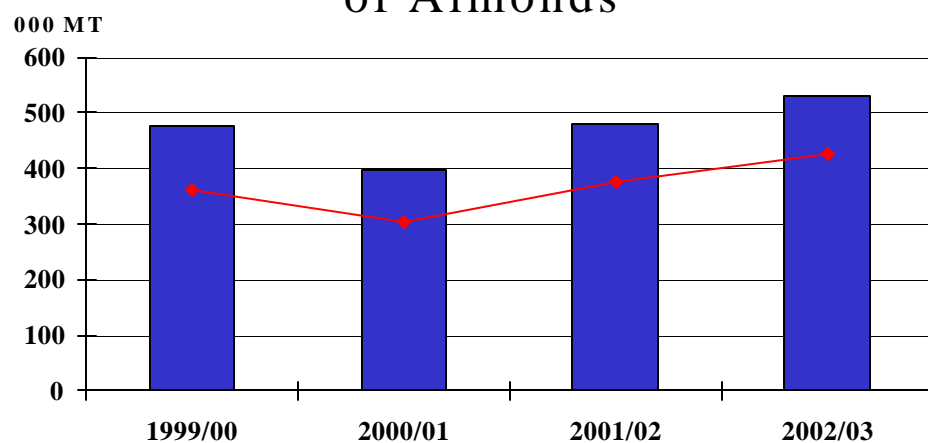
Source: USDA, Attaché Reports

UNITED STATES

Production

California's 2002/03 almond production is forecast at a record 530,884 tons, up 4 percent from the May forecast and up 18 percent from last year's crop. The forecast is based on 530,000 bearing acres. Production for the Nonpareil variety is forecast at 370 million meat pounds, up 18 percent from last season. The Nonpareil variety represents 38 percent of California's total almond production. The weather during the critical bloom and pollination period was nearly ideal this year. However, a freeze in the Sacramento Valley in early March caused major damage to the crop in Colusa, Glenn, and Yolo counties. The warm temperatures in May and June helped the crop develop near or slightly behind normal progress. The average nut set per tree is 8,100, up 21 percent from 2001. The Nonpareil average nut set of 8,043 represents a 25-percent increase from last year's set. The average kernel weight for all varieties sampled was 1.41 grams, down 12 percent from last year. A total 98.9 percent of all nuts sized were sound.

U.S. Contribution to World Production of Almonds



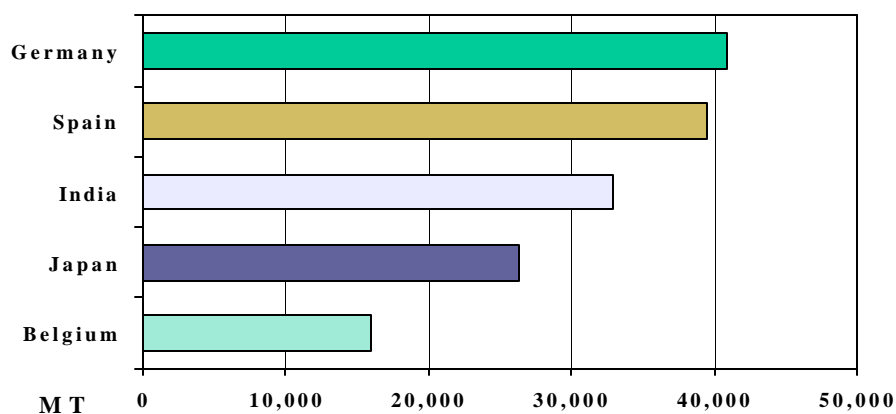
USDA Attaché Reports; NASS

■ World ◆ U.S.

Exports

In 2002/03, U.S. almond exports are forecast at 287,000 tons, up 3 percent from the previous year. Low almond prices are expected to spur exports. In 2001/02, shelled almonds, including prepared and preserved, accounted for approximately 83 percent of total U.S. almond exports. Major buyers of U.S. shelled almonds were the EU (primarily Germany, Spain, and the Netherlands) accounting for 62 percent and Asia (primarily Japan, China, and Korea) purchasing 18 percent. Asia is the most significant importer of in-shell almonds, purchasing 80 percent of U.S. in-shell exports in 2001/02.

Top 5 Markets for U.S. Almonds



Marketing Year 2001/02

Source: U.S. Department of Commerce, Census Bureau

SPAIN

Production

Spain's 2002/03 almond production is forecast at 69,000 tons, up 21 percent from the previous season, due to the absence of frost coupled with rainy weather in most growing areas. Almond production takes place mainly in regions bordering the Mediterranean, primarily in Andalusia and Valencia. The regions of Murcia, Catalonia, Aragon, Balearic Islands and Castilla-La Mancha are also significant almond production areas. According to a recent survey, there were 792,000 bearing hectares, of which less than 6 percent were irrigated. Consequently, rainfall during the fall is crucial to almond productivity. Producer prices in 2001 for in-shell almonds averaged \$.64 per kilo, a 3-percent decline from 2000.

Consumption

Domestic almond consumption is projected to increase in 2002/03 due to a general upward tendency in nut consumption and the larger sizes of the last two domestic harvests. Tree nuts are a traditional component of the Mediterranean diet, which is being heavily promoted as a healthy diet. Due to increased health awareness, tree nut consumption has grown in Spain over the past several years with almonds leading the way. The confectionary industry accounts for about 75 percent of Spanish consumption of almonds, and most of the balance is consumed as snacks. The nougat industry is a major consumer of almonds as well. Nearly all of the industry's consumption occurs in the months before Christmas, with nougat being a traditional holiday treat.

Exports

Exports in 2002/03 are forecast at 56,500 tons, a 5-percent increase from the previous year, due to the larger crop. Other EU countries (Germany, France, and Italy) are the major destinations, representing approximately 93 percent of Spain's export markets. Almond imports in 2002/03 are forecast to decrease slightly. The United States continues to be the dominant foreign supplier of almonds to Spain, increasing its market share to around 97 percent of total imports in 2001/02. Due to the uniformity and low breakage of U.S. almonds, processors generally prefer them for food ingredients, including almond flour, dices and fillets. More than half of all U.S. almonds imported into Spain are subsequently re-exported in some form to other EU countries. Two tariff categories for non-bitter almonds are listed in the Integrated Tariff of the European Union (TARIC). The current import duty rates are as follows:

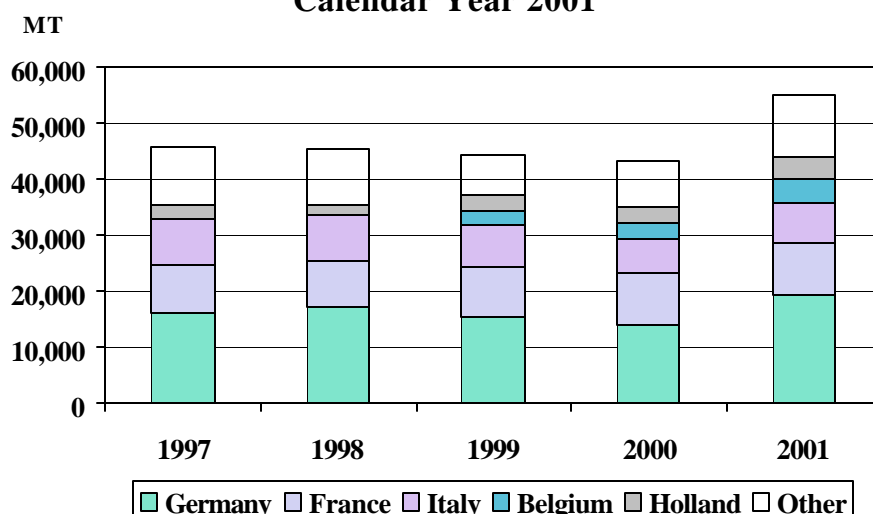
0802.11.90 In-shell almonds: 5.6 percent

0802.12.90 Shelled almonds: 3.5 percent

However, a WTO global EU annual tariff quota of 90,000 tons at a reduced import duty rate of 2 percent is applicable, and Spanish almond importers may benefit from this tariff quota for imports from outside the EU. As is the case with locally produced food products, a 7-percent Value Added Tax (VAT) is imposed on almond imports.

Spanish Almond Exports to the World

Calendar Year 2001



Source: Spain: Official Government Figures

TURKEY

Production

In 2002/03, almond production in Turkey is forecast at 15,000 tons, unchanged from the previous year. Almonds are a minor nut crop in Turkey. They are grown throughout the country with production concentrated in the Aegean, Marmara and Mediterranean regions. Most production is grown in orchards for commercial use. Almonds grow naturally in Turkey, but were not cultivated as a commercial crop until recently. Varietal selection during the past 25 years has resulted in improvement of local varieties that are now grafted to both improve quality and yield as well as to delay blooming, since early frosts are a major problem in Turkey. Other than variations due to weather conditions, almond production in Turkey is relatively stable.

Consumption

In the past, almond consumption grew slowly in Turkey despite the availability of hazelnuts. Due to the recent economic crisis in Turkey, almond consumption has declined slightly. Almonds are generally consumed whole as a snack food and only limited amounts are used in confectionary products. The retail price for one kilogram of shelled sweet roasted almonds in Ankara is around Turkish Lira (TL) 18,000,000 for local and good quality imported almonds (such as U.S. almonds), compared to TL 12,000,000 a year ago.

GREECE

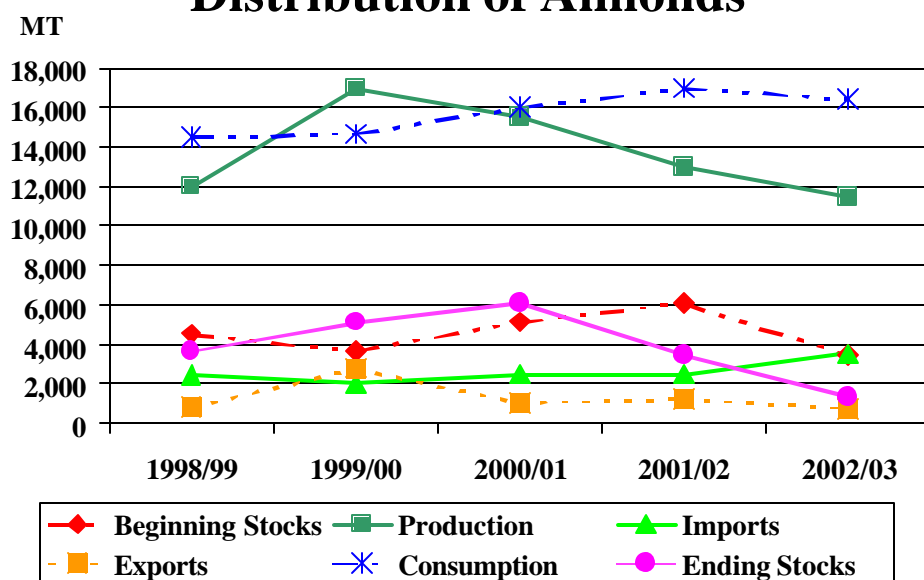
Production

Greece's 2002/03 almond production is forecast at 11,500 tons (shelled basis), down 12 percent after a bad winter with snowstorms and extremely low temperatures that seriously affected tree production in most of the regions. Some of the tree population will recover and next year's output will probably return to

normal levels. The quality of the 2002/03 crop is expected to be very good. Due to the cyclical nature of tree yields and relatively stable tree numbers, with a slightly downward trend, the outlook for almond production over the next 3 to 5 years is estimated to average about 13,500-14,000 tons/annum (shelled basis), provided that weather conditions will be favorable and without extremes, unlike the weather experienced in 2002. The main areas for traditional almond production in Greece are in the prefectures of Magnesia, Larisa (Thessaly) and Serres and Kavala (E. Macedonia), where 70 percent of the national almond tree population is concentrated. Yields vary, with the best size and quality kernels being those of the late blossoming Feragnes variety, which are produced in central Greece and Macedonia. The actual planted area has decreased to approximately 39,000 hectares without a drop in yields, which is due to better growing methods and more trees per area unit. Old, non-yielding orchards and aged, scattered trees have been uprooted, or otherwise taken out of a harvesting program.

A non-uniform product characterizes Greek almond production and supply, due to the many varieties harvested, the variable effects of weather, and the different ages of trees. The cost of production, which is much higher than in other almond-producing countries, is another problem. Farmers prefer to focus on other crops whenever possible. This situation makes the Greek market a further potential market for U.S. almonds, taking into consideration that domestic demand is gradually increasing.

Greece: Production, Supply & Distribution of Almonds



Source: USDA, Agricultural Attaché Reports

Consumption

Domestic annual consumption of almonds is roughly 16,000-17,000 tons and increasing slowly but steadily from year to year, with Greece being among the largest per capita tree nut consumers in the world. Consumption has risen almost 30 percent since 1991 and is expected to continue growing parallel to an annual increase in tourism and the use of nuts in confectionary, bakery and ice cream industries. Almond

consumption represents 26 percent of total nut consumption in the country, which is estimated at 60,000 tons (including pistachios, peanuts, hazelnuts, walnuts, and various kinds of imported nuts). These consumption figures include snack, confectionary, ice cream, and bakery uses. Trade sources report that this tree nut consumption increase is taking place not only in Greece, but all over the world, estimated at 15-20 percent over the past 2 years. Trade sources also comment that this change is due to an aggressive U.S. market promotion activity, a better priced product and the fact that new markets were recently developed and became oriented to almond consumption.

Exports

Exports in 2002/03 are forecast at 700 tons, down 42 percent from the previous year. In Calendar Year (CY) 2000 (the most recent official trade data published) \$7.4 million in almonds were imported; \$8.1 million were imported in 1999; and \$9.2 million were imported in 1998, mostly from the United States. (70-85 percent) and Spain (10-15 percent). Exports of Greek almonds in CY 2000 totaled 1,127 tons, valued at only \$3.26 million, as compared to \$2.86 million in 1999. Half of this was exported to other EU states and half to Bulgaria, Cyprus, Iran and other developing countries. Imported product was primarily used by the confectionary and chocolate industries. Imports tend to decrease when there is excess carry over. Pre-processed U.S. almonds (roasted and flavored in canned packages) are used in developing a snack food market, as consumers like their quality and uniformity. However, U.S. nuts are mainly used for further processing to meat halves, almond powder and slices, ultimately by the confectionary sector.

ITALY

Production

Commercial almond production in 2002 is preliminarily forecast at 9,000 tons (shelled basis), half the good crop harvested last year. Weather conditions have been not been favorable in either Apulia or Sicily, the two key producing regions. However, while in Sicily the orchards have been affected by a continued drought, which compromised the yields per tree, in Apulia the main factor was frost reported in early April, which cut dramatically the crop perspectives. Furthermore, some observers tie the production decrease to the cyclical crop fluctuation, which is more pronounced in Italy's ageing almond trees. Since only a minimal number of new orchards have been planted recently, Italian almond production, in the medium to long term, is expected to decline.

Consumption

Domestic almond consumption is projected to increase in 2002/03 due to a general upward tendency in nut consumption. Tree nuts are a traditional component of the Mediterranean diet, which is being heavily promoted as a healthy diet. Due to increased health awareness, tree nut consumption has grown in Italy over the past several years with almonds leading the way. Relatively cheap almond prices are favoring domestic consumption, in partial substitution for other, more expensive nuts. Imported almonds are mostly consumed in northern Italy, while local almonds are more popular in the south, where Italian production is concentrated.

Trade

Total almond imports in 2001/02 decreased slightly from the previous year, due mainly to the relatively large

domestic crop. Imports were favored by the low international prices, particularly from the United States. Shipments from California to Italy rose by 24 percent and accounted for 64 percent of total Italian imports. Total imports in 2002/03 are anticipated to increase substantially, following the expected major decline in domestic production.

The current EU ad valorem customs duty for shelled almonds is 2 percent for imports within the EU-wide quota of 90,000 tons, and 3.5 percent for imports over the quota. The EU export subsidy for shelled almonds is currently set at 45 euros per metric ton.

The FAS Attaché Report search engine contains reports on Tree Nut Competition or Market Intelligence for 16 countries including Spain, Italy, Greece and Turkey. For more information on production and trade, contact Erik Hansen at 202-720-0875. For information on marketing, contact Ingrid Mohn at 202-720-5330. Also please visit the tree nuts web page at: <http://www.fas.usda.gov/http/horticulture/nuts.html> for further information.

Almonds: Production, Supply and Distribution in Selected Countries

Country Marketing Year 1/	Beginning Stocks	Production	Imports	Total Supply	Exports	Domestic Consumption	Ending Stocks
Metric tons, in-shell basis							
Greece							
1999/2000	3,623	17,000	2,000	22,623	2,800	14,700	5,123
2000/2001	5,123	15,500	2,500	23,123	1,000	16,000	6,123
2001/2002	6,123	13,000	2,500	21,623	1,200	17,000	3,423
2002/2003	3,423	11,500	3,500	18,423	700	16,400	1,323
2003/2004 F	1,323	13,000	3,650	17,973	800	16,250	923
Italy							
1999/2000	1,000	17,000	16,400	34,400	2,000	30,400	2,000
2000/2001	2,000	10,000	16,000	28,000	2,200	24,800	1,000
2001/2002	1,000	18,000	15,000	34,000	3,000	25,000	6,000
2002/2003	6,000	9,000	17,000	32,000	2,000	28,000	2,000
2003/2004 F	2,000	15,000	15,000	32,000	2,000	28,000	2,000
Spain							
1999/2000	0	66,000	34,000	100,000	43,000	52,000	5,000
2000/2001	5,000	53,000	32,000	90,000	51,000	38,500	500
2001/2002	500	57,000	42,000	99,500	54,000	45,000	500
2002/2003	500	69,000	40,000	109,500	56,500	50,000	3,000
2003/2004 F	3,000	58,000	43,000	104,000	54,000	49,000	1,000
Turkey							
1999/2000	1,000	14,000	2,000	17,000	200	14,800	2,000
2000/2001	2,000	15,500	2,500	20,000	500	16,500	3,000
2001/2002	3,000	14,000	1,500	18,500	500	16,000	2,000
2002/2003	2,000	15,000	1,500	18,500	500	16,000	2,000
2003/2004 F	2,000	15,000	2,000	19,000	500	16,500	2,000
United States 2/ 3/							
1999/2000	41,656	361,362	103	403,121	228,171	95,185	79,765
2000/2001	79,765	303,700	28	383,493	239,802	95,020	48,671
2001/2002	48,671	376,488	80	425,239	279,463	113,076	32,700
2002/2003	32,700	426,384	59	459,143	286,932	116,132	56,079
2003/2004 F	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total							
1999/2000	47,279	475,362	54,503	577,144	276,171	207,085	93,888
2000/2001	93,888	397,700	53,028	544,616	294,502	190,820	59,294
2001/2002	59,294	478,488	61,080	598,862	338,163	216,076	44,623
2002/2003	44,623	530,884	62,059	637,566	346,632	226,532	64,402
2003/2004 F	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1/ Marketing years: United States - August to July; Greece – Oct. – Sept.; Spain, Italy & Turkey - Sep to Aug

2/ U.S. domestic shelling ratios for U.S. exports and imports from the California Walnut Commission.

3/ U.S. production forecast for 2002/03 by NASS.

Sources: USDA's Foreign Agricultural Service Attaché Reports, Bureau of Census and USDA/NASS

U.S. Exports of Almonds to the World

Destination	1997/98	1998/99	1999/00	2000/01	2001/02	Rank in 2001/02
metric tons, shelled, in-shell & processed total						
Germany	45,643	38,870	38,516	43,169	40,931	1
Spain	19,019	22,502	25,416	28,425	39,392	2
India	20,017	14,665	22,182	26,516	32,921	3
Japan	22,485	16,505	18,905	21,432	26,309	4
Belgium-Luxembourg	5,190	4,900	6,298	11,019	16,004	5
Netherlands	12,694	11,677	11,172	14,071	15,243	6
Canada	9,328	9,780	11,248	11,199	12,295	7
France	11,303	9,946	9,980	11,276	12,206	8
Hong Kong	3,030	3,407	8,625	12,964	11,010	9
United Arab Emirates	4,693	4,504	4,950	9,938	10,902	10
Italy	7,596	8,921	6,355	7,595	9,496	11
United Kingdom	11,413	10,255	8,463	7,832	8,385	12
Korea; Republic of	2,633	2,666	3,192	4,898	5,463	13
Mexico	4,500	5,780	7,474	5,722	5,171	14
Denmark	3,671	3,201	3,495	4,041	4,374	15
Greece	2,383	2,438	1,915	2,731	3,732	16
Russian Federation	968	105	268	749	3,364	17
Taiwan	2,844	1,965	2,226	3,597	3,290	18
Israel	2,955	2,463	2,891	2,779	3,117	19
Saudi Arabia	2,350	2,055	2,138	3,277	3,031	20
Sweden	3,632	2,818	1,749	2,579	2,524	21
China; Peoples Republic of	312	231	1,342	1,931	2,404	22
Egypt	1,311	1,562	1,001	1,368	1,425	23
Norway	1,625	1,591	1,699	1,316	1,339	24
Jordan	820	353	547	1,284	1,273	25
Turkey	213	190	116	322	1,234	26
Malaysia	545	509	597	839	1,030	27
Lebanon	1,538	1,174	922	1,424	921	28
Czech Republic	568	33	549	762	898	29
Singapore	564	832	831	679	797	30
Finland	602	566	346	573	752	31
Australia	1,877	1,381	1,014	538	748	32
Other Countries	10,677	8,866	7,074	8,134	7,659	
Grand Total (MT)	218,999	196,911	213,496	254,979	289,640	

1/ Marketing years, August-July

Note: All data from Department of Commerce - Bureau of the Census

U.S. Imports of Almonds from the World

Destination	1997/98	1998/99	1999/00	2000/01	2001/02	Rank in 2001/02
Metric tons, shelled, in-shell & processed total						
Italy	3	4	8	85	190	1
Spain	5	4	3	5	96	2
Denmark	0	0	29	54	56	3
China; Peoples Republic of	10	30	28	44	21	4
Canada	21	20	8	14	20	5
Germany	0	0	4	4	14	6
Hong Kong	10	14	17	15	14	7
Sweden	0	0	0	0	8	8
Switzerland	0	2	3	2	4	9
France	3	6	3	2	2	10
Other Countries	5	12	3	33	4	
Grand Total (MT)	58	93	107	258	428	

1/ Marketing years, August-July

Note: All data from Department of Commerce - Bureau of the Census